

16 September 1955

MEMORANDUM FOR THE RECORD ✓

SUBJECT: Request in Bureau of the Budget Circular A-38

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1. The Office of the Comptroller notified us that the District Assessors Office was requesting income tax information on Agency employees residing in the District of Columbia in accordance with Bureau of the Budget Circular A-38. With the approval of the Deputy Director (Support), I saw Commissioner Samuel Spencer of the District Government on 15 September, with Mr. [redacted] of my Office. Commissioner Spencer called in Mr. Martin, Assessor of the District Government. It turned out that Mr. Martin was not interested normally in individual cases or the audit of returns. It appears that information received from Federal agencies in regard to Federal income tax is the only check he has on residents in the District who may be subject to District income tax requirements. Consequently, for his purposes he would like copies of the W-2s of all such employees to check against his records. We pointed out in the first place the basic security problem regarding names and relationships of individuals with the Agency. We further pointed out that our [redacted] Commissioner Spencer and Mr. Martin acknowledged the security problem and did not press the point beyond expressing a hope that something could be done.

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2. In view of the fact that it is Federal Government policy to cooperate with taxing authorities of the States and District, we believe this Agency should do whatever can be done to work out a satisfactory procedure. The alternatives appear at the moment to be as follows:

- Possibly a member of Mr. Martin's office can be cleared to come in and review a roster or machine run of residents of the District employed by this Agency to check against his own list. Under proper controls and conditions this might be considered secure.

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b. The only substitute we have would be a requirement that each employee certify in writing, either once and for all or yearly, that he has complied with the tax requirements of his place of residence and that a knowing false certification would be grounds for termination. While this would be another piece of paper to put before employees, the workload on the Agency would not be much different from that which would result from compliance with Bureau of the Budget Circular A-38. At the very least, such a certification would counter a possible charge that by our security requirements we would put our employees in a better position to avoid tax obligations than employees of other agencies. In this connection, Mr. Martin was kind enough to say that he had heard we had a very high type of employee and he did not expect much difficulty from this Agency.

3. Mr. Martin said that if no letter had gone out from his office he would hold it up until he heard from us further. We will pursue this matter with the interested offices.

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LAWRENCE R. HOUSTON
General Counsel

cc: DD/S
Comptroller
Director of Security